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# HYDRO ELECTRIC ENQUIRY COMMISSION

## DUNNVILLE

TORONTO, FEBRUARY 21ST, 1923.

W. C. Coe  
Official Reporter





HYDRO ELECTRIC INQUIRY COMMISSION

PARLIAMENT BUILDINGS, TORONTO,

WEDNESDAY, FEBRUARY 21st, 1923.

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HYDRO ELECTRIC INQUIRY COMMISSION.

TORONTO, FEBRUARY 21ST, 1923.

D U N N V I L L E

P r e s e n t :

W.D.GREGORY, Esq., CHAIRMAN.

M.J.HANEY, Esq., COMMISSIONER.

LLOYD HARRIS, ESQ., COMMISSIONER.

J.A.ROSS, Esq., COMMISSIONER.

R.A.ROSS, Esq., COMMISSIONER.

WILLIAM MARSHALL, Esq.,

JAS.N. ALLAN, Esq.,

THOMAS CAMELFORD, Esq., and

E.H.BARRICK, Esq., Representing the Town of Dunnville.

THE CHAIRMAN: Gentlemen, we understand you are from Dunnville and you wish to be heard. We are ready to take up your application at any time.

MR.MARSHALL: The Hydro System was introduced in Dunnville in 1916 and 1917 to replace a privately owned system. The price quoted was \$27.77 per h.p.. That was understood to be the maximum figure and the price now is \$50. No detailed statement showing how the present price is arrived at can be obtained. The contract is in subsection 4, section 18 of the Act of 1908. I think we are paying too much for power. \$27.77 is what the people understood was to be the price.





Q. Have you got the estimates that were submitted to you?

A. There were no estimates.

Q. How did you arrive at \$27.77? A. The Hydro arrived at that.

Q. Didn't they submit any estimates of the price at the time negotiations were taken up? A. It was just through a public meeting.

Q. They might have made statements at a public meeting?

A. Yes, they did.

Q. Who did? A. One Mr. Jeffrey, I do not know which one it was, J.J. Jeffrey.

Q. Mr. J.J. Jeffrey made that statement to you? A. Yes.

Q. He came over there on behalf of the Hydro? A. I suppose he came over there on behalf of Hydro. I was not on the Commission at the time.

Q. At what stage was this statement made by Mr. Jeffrey; had you taken the vote then or after? A. The vote was after that.

Q. When was this? A. It was in 1918 before the vote was taken. I do not know the date.

Q. Can you tell Mr. Jeffrey?

MR. J. J. JEFFREY: June 19th, 1916 and the vote was taken on September 26th. I also attended a public meeting on September 20th.

Q. You just attended two public meetings?

MR. JEFFREY: Several other council meetings and at these particular times the rate and a lot of details were given.

Q. Then Mr. Jeffrey told you that the rate would be \$27.77





per annum per h.p.?

MR. MARSHALL: Delivored at Dunnville.

COMMISSIONER HANEY: Was that on condition that a certain amount of power would be taken by the municipality?

MR. MARSHALL: The thing seemed to me to be kind of jumbled up. I have the agreement here and attached to it is a printed copy.

Q. This is an agreement that was made after the vote was taken and it is dated December 10th, 1916? A. Yes, after the vote was taken.

Q. These meetings that Mr. Jeffrey spoke of were held and there were meetings with the Council and a statement was made that the cost of power which the Commission would supply would be \$27.77 per h.p.? A. Yes.

Q. Was there anything else of note that took place before the vote was taken? A. I do not think so; I do not know of anything.

Q. Have you a copy of the advertisement that was published prior to the vote being taken? A. I think it is all there and there is a report of the meeting some place.

Q. This is taken from what paper; it is headed "Hydro Scheme Explained"? A. That is from the Chronicle.

Q. Is this an advertisement made by the Council? A. No, that is a report of the meeting made by the paper.

Q. Did the Council publish this report of the meeting as an advertisement? A. No, this bylaw was published in the paper and this was out out with it.

Q. "Mr. D. W. McBurney gave interesting facts and figures regarding Hagersville's experience. That village, with a





population less than one third that of Dunnville, paying \$33.21 per horse power where it will cost this town only \$27.70"? A. Yes.

Q. What else took place prior to the vote? A. There was not anything.

MR. CAMELFORD: We had one public meeting in the Opera House and then Mr. Jeffrey addressed the Council at least twice. The people considered the cost of Hydro power would be \$27.77 on the basis of 300 h.p.

MR. MARSHALL: Of course I understood it would not be more than that and if we took more than 300 h.p. it would be less. The agreement says that they agree to deliver 300 h.p. but it does not say the municipality must take it. Of course, the understanding was, as far as I know, that if we took over 300 h.p. it would be less and if we took less than 300 h.p. it would not be any more.

COMMISSIONER HARRIS: What did you take?

A. There was a figure mentioned that if we took 400 h.p. the price would come down to \$21.30.

Q. Did you take 300 h.p.? A. We did not at the beginning.

Q. Have you the amount that you have taken year by year?

A. No, I have not got the amount taken year by year.

Q. I notice in this agreement reference is made to an agreement of May?

MR. MARSHALL: Of course now we are taking over 400 h.p. and the price is \$50. Here is one of our power bills, May 19th, 1919 and for the first five months operation there is a difference between the actual cost of power but they only charge \$27.77.

Q. What was the vote?





MR. CAMELFORD: I think it was 412 for and 10 against.

THE CHAIRMAN: Well, it was unanimous. Then the agreement was signed dated 10th October, 1916.

MR. MARSHALL: Yes, but there was nothing in the minutes to show it had been signed and there was no by-law authorizing the signature.

Q. Was there a resolution authorizing the signing of the agreement? A. No, there was none discovered; neither a provincial contract authorizing it, as far as we can find, the by-law calls for so much money for Hydro.

Q. What do you mean by a provincial contract?

A. Provisional contract, that is the contract according to the Act. In the first place the municipality goes to the Hydro Commission and makes application for power and the price of power is estimated. They give the details and everything in connection with it for bringing the power from the Falls to Dunnville and when the vote is taken that provisional contract is embodied in the by-law and the people vote on it.

Q. Do you call that the standard form of contract?

MR. R.T. JEFFREY: It is the same contract that is made with all municipalities and it is published in the Statute.

MR. MARSHALL: There was nothing embodied in the by-law saying what the price would be nor any price put in it.

MR. R.T. JEFFREY: Have you reference to the contract or the by-law?

MR. MARSHALL: I am speaking of the by-law; we could not find any provisional contract. When did





that standard form come in?

MR. R. T. JEFFREY: From the very commencement, if you get the Act and read it you will see that it is there.

MR. MARSHALL: What I had reference to was, the municipality goes to Hydro and you can call it what you like, but they get particulars.

TO THE CHAIRMAN:

Q. You ask Hydro to make a survey? A. No, we go there and they are supposed to know all about it before they make the estimates and to know what municipalities the line has to go through.

Q. Did the municipality pass a resolution? A. They passed a resolution and there should be a by-law passed by the Council.

Q. Have you got a copy of the resolution which was passed and sent to Hydro? A. There was not any ever passed, that is what I am saying.

Q. I thought you said a resolution was passed first of all, making application to the Hydro to go to Dunnville?

A. This is what is said, "No provisional contract as contemplated by the Act, subsection 4, section 18, was ever submitted to the ratepayers at Dunnville." What he means by that is the provisional contract was not embodied in the by-law and what he means by provisional contract is the contract where the Hydro gives details of what it is going to cost. There is no record of that in the minutes.

THE CHAIRMAN: What do you mean by that?

MR. JEFFREY: I do not yet understand what

Mr. Marshall is driving at.





THE CHAIRMAN: He says the Council made no provisional contract.

MR. JEFFREY: That is the standard contract.

MR. MARSHALL: I understand no such contract was ever entered into between the municipality and Hydro.

MR. R. T. JEFFREY: There it is.

THE CHAIRMAN: No that contract was after the vote was taken.

MR. R. T. JEFFREY: There is only one contract mentioned in the Act between the Commission and the municipality.

MR. MARSHALL: When was that done?

MR. R. T. JEFFREY: You have a copy of it there.

THE CHAIRMAN: The Act provides that the Commission shall furnish a statement of the maximum price per h.p. for which Hydro can be furnished and then it says the Council of the Municipal Corporation may after these estimates are submitted, enter into a provisional contract with the Commission for the supply of electric power or energy for the purposes mentioned in the Act. It shall not be binding on the Commission until the by-law has been submitted. This contract is dated 10th October, about two weeks after the vote was taken on the by-law, but there seems to have been no contract prior to the vote being taken, such as is contemplated by the Act.

MR. R. T. JEFFREY: The Act does not contemplate any contract being signed before the vote is taken.

THE CHAIRMAN: The Council may enter into a





provisional contract, that is after you have submitted the estimates and Mr. Marshall says there were no estimates.

MR. MARSHALL: No, no estimates have ever been discovered.

MR. R. T. JEFFREY: What is a provisional contract for?

THE CHAIRMAN: It is a contract with the Commission for the supply of electric power or energy for the purposes mentioned in the Act. It shall not be binding on the Corporation unless or until the by-law has been submitted to the rate-payers and received the consent of the rate-payers. Then the estimates and a copy of the provisional contract shall be published with and form part of the by-law. You must have had some action of the Council to provide for the vote being taken. There must have been a resolution.

MR. JEFFREY: Submitting this bylaw; there was a by-law submitted to the people on the 25th September and here is another, Bylaw No. 15. This provisional contract must be in the file. "Whereas the Municipal Council of the Corporation of the Town of Dunnville deems it advisable to submit to the ratepayers of the said Town of Dunnville entitled to vote on money by-laws, a question as to whether the said ratepayers are in favour of a supply of electric power from the Hydro Electric Power Commission of Ontario.

Therefore the municipal council of the Corporation of Town of Dunnville enacts as follows:

1. That the following question be submitted to the ratepayers of the Municipal Corporation of the Town of Dunnville entitled to vote on money by-laws.





2. Are you in favour of obtaining from the Hydro-Electric Power Commission of Ontario a supply of electric power?" and then it goes on to tell where the vote shall be taken.

MR. MARSHALL: There was no price in the by-law or any details.

THE CHAIRMAN: Why didn't you put them in?

A. I was not there then.

MR. R.T.JEFFREY: That by-law is merely a question as to whether the electors will authorize the Mayor and the Council to sign a contract to take power from the Commission under the terms of the Power Commission Act.

THE CHAIRMAN: It certainly contemplates a contract.

MR.R.T.JEFFREY: It says "may".

THE CHAIRMAN: Shall be published with or form part.

MR.R.T.JEFFREY: It may be entered into.

THE CHAIRMAN: If they do enter into a provisional contract then it shall be submitted, to the vote and the estimates of the Commission and a copy of the contract shall be published with or form part of the by-law.

MR. R.T.JEFFREY: It says the Commission may enter into a contract, then if they do sign that contract then the contract has to be published with the by-law, if they do not sign it and do not enter into it, there is not any contract until they vote.

THE CHAIRMAN: They are entering into a contract before the vote is taken so that the people will know what they are voting on.

MR.R.T.JEFFREY: It says may and that particular contract authorizes them to sign the by-law.





MR. MARSHALL: The first by-law is passed by the municipal corporation and it is read the first, second and third times and entered on the minutes.

MR. R. T. JEFFREY: That is a technicality in connection with the enabling by-law. It came up in connection with Port Arthur where there was a technicality as to whether the by-law was legal after it had been voted on because it had not been read the three times in the Council and had been actually declared a by-law and passed before it was voted on. It is different to money by-laws in that respect. Money by-laws are only voted on in Council twice before the people vote on the question and this by-law on account of the particular wording of the Act has to be passed in the Council and be a by-law before it goes to the people and has to be read three times.

THE CHAIRMAN: It was not.

MR. R. T. JEFFREY: It was, I will read it, this is a letter from the Clerk in which he says it will be by-laws 14 and 15. I would like to read part of the letter from Clerk of Dunnville.

THE CHAIRMAN: Read it.

MR. JEFFREY: It is dated August 14th, 1916: "You say that the two bylaws "Enabling and Money" should be read three times at the council before publication, our custom has been to read the by-law twice and give it the usual publication, and after one month from the passing, give the final reading making three readings in all, otherwise would it not be necessary to read the by-laws four times i.e., three times before publication and once at the final reading? But if necessary the By-laws will be



given the three readings as you say." We advised the Clerk that the enabling by-law must be given three readings before the vote was taken.

MR.ALLAN: This is the enabling bylaw.

MR.R.T.JEFFREY: They were both voted on at the same time, the money by-law and the enabling by-law.

MR.MARSHALL: Was the price mentioned or any details given in any of the by-laws?

MR.R.T.JEFFREY: No.

MR.MARSHALL: Why?

MR.R.T.JEFFREY: If the contract was put in the by-law and the people voted on it that would be a definite contract and we were advised by Mr.Hellmuth and other counsel that if the price was put in there and made definite that that price could not be changed. You cannot put an estimate in a by-law of that kind because it at once fixes that price and you cannot change the price and we were advised by Mr.Hellmuth and other counsel in connection with that and that is why the contract was not published.

THE CHAIRMAN: You thought you had better keep a free hand?

MR.R.T.JEFFREY: We could not supply under the Act in that contract.

THE CHAIRMAN: You wanted to keep a free hand so that you could change it if you desired to do so?

MR.R.T.JEFFREY: Yes.

THE CHAIRMAN: I would like to see that famous opinion of Mr.Hellmuth, we have asked for it three times and we have not been given it; it is a very important opinion.





MR.R.T.JEFFREY: It seems to be very specific and it ought to be available.

THE CHAIRMAN: Could you let us have a copy of it.

MR.R.T.JEFFREY: I will see Mr.Pope about that, it is not very long.

COMMISSIONER HARRIS: Can we get that today.

MR.R.T.JEFFREY: You understand that contract which you have there specifically sets out that the Commission shall change this rate from year to year, adjust annually the cost, that is the contract.

THE CHAIRMAN: Of the 10th of October?

MR.JEFFREY: You will find set out in certain paragraphs there that the rate must be adjusted annually as to cost.

THE CHAIRMAN: Provided such terms and conditions may be modified pursuant to Paragraph 11 of the said agreement, but subject to such modifications, the Corporation shall be deemed to have been a party to the said agreement, and the figures set forth in the columns of the schedule of the said agreement hereto attached" It does not say anything about rates.

MR.JEFFREY: Yes, it says costs; read the printed part that is the contract. These first two pages are merely preambles to make that contract fit into any particular municipality.

THE CHAIRMAN: We have heard of these preliminary proceedings from Mr.Marshall; perhaps you can tell us about it from your standpoint. Tell us in the first place how you came to go to Dunnville.





MR. J. J. JEFFREY: We were first approached by a private citizen of Dunnville, it usually comes in that way, he investigated and then arranged to have the Council send us the necessary resolution.

Q. Who was that? A. Mr. George Orme. That was in 1916. We had previously had negotiations with Dunnville back in 1912 and rates were submitted at that time but no action taken.

Q. What were the rates submitted in 1912? A. I have not got the rates submitted then.

Q. When can you give them to us? A. This afternoon.

We had a resolution from the Council, May 3rd, 1916,

"Moved by Mr. LeRoy, seconded by Mr. Ross, That we believe it would be in the best interest of Dunnville to know the exact value of our present lighting plant. That this Council request the Hydro Electric Power Commission to send one of their engineers here to value the present plant."

Q. That was asking you to step in as experts and value their plant? A. We did that to help them to negotiate with the local company.

Q. Electricity was being supply<sup>ed</sup> by a private company at that time? A. Yes, sir.

Q. There was some intention of buying out that company and before making any bargain they wanted to know what their property was worth? A. It was on our advice this was asked for; we said it would be advisable to purchase the local plant and to deal fairly with the local company and we went over and made a valuation and submitted it to the Council and we explained the details and advised



them to make an offer to the company. They did make an offer and after negotiating for some time they agreed on \$16,500.

Q. What was your valuation? A. Exclusive of the generating plant it was \$3,979.26.

Q. Including the generating plant? A. I will get that figure. Their final offer was \$18,000 and the Council offered \$15,000 and they compromised on \$16,500.

TO COMMISSIONER HARRIS:

Q. Your valuation was \$3,900?

A. No, that does not include the generating plant.

Q. You would not include the generating plant because you were going to provide that? A. We suggested they should purchase everything and not leave the man with the generating plant on his hands.

Q. You suggested they should purchase everything at \$3,900? A. No, it is a different figure. The first estimate was \$10,000 and that was at the opening of the negotiations and that was afterwards increased to \$15,000 and later a compromise was made at \$16,500.

Q. Is it used now as a standby? A. No, all the power used was generated there.

Q. What has become of that plant? A. It has entirely disappeared the dam was washed out in the spring of 1918. It was a Government dam to raise the water.

MR. MARSHALL: That dam is there yet.

MR. J. J. JEFFREY: Then it must have been repaired.

THE CHAIRMAN: Have you still got the generating plant that you purchased?





MR. MARSHALL: Yes, but it is not used, the water wheels are there.

MR. JEFFREY: The generators are there and the water wheels are there. They had gas engines as a reserve, the gas engines have been disposed of.

Q. They have not any standby plant at all? A. No, in the spring of 1918 the dam was washed away or something happened that the water was not available. Then they asked us when I was in Dunnville at this meeting in May or April, 1916, to have figures submitted at which Hydro power could be supplied, that was in May or June. I do not think we ever had a resolution from the Town asking for the figures.

Q. Did you have any resolution after that one you speak of? A. Yes, we had a resolution asking us to construct a distribution system for them, that was in October 19, 1916.

Q. Before the vote was taken? A. Not as far as I know.

Q. There was no resolution and no by-law and no agreement except that by-law that was published? A. None submitted to us although there was a resolution passed at a meeting which I attended asking for these rates.

Q. Do you know if there was any other resolution passed before the vote was taken? A. I do not think so but a request was made.

Q. Was it made in the form of a letter from the Mayor? A. I think perhaps a verbal request when I was at the Council meeting.

Q. You were over there in June, what happened then?

A. I was over there a number of times in connection with





the negotiations for the purchase of the local plant and attended several council meetings in June and on the 19th I gave them the figures, \$27.77 for 300 h.p. and other figures as the rate increased, they were fully advised.

Q. What do you mean by as the rate increased? A. As the load increased, the horsepower.

Q. Have you got these? A. Yew.

MR. MARSHALL: There is something here that will throw some light on it, there is a letter here from the Clerk dated August 24th, 1916, to Mr. F. A. Gaby, that was before the vote was taken.

THE CHAIRMAN: Are there any points in that letter to which you would like to call our attention?

MR. MARSHALL: Mr. Holmes says to Mr. Gaby:

"Referring to your favour of the 22nd instant confirming the arrangement reached at the Council meeting on the 16th instant, to offer the Dunnville Electric Light Co, \$15,000 for their complete outfit, but have not received any reply. Mr. Rolston the Manager is in Muskoka, but the bookkeeper phoned me a few days ago that she thought a reply would be sent in a short time, as he had sent my letter to him, and he wrote for further information.

A by-law is being prepared for the issue of \$35,000 payable in thirty annual instalments with interest at 6% per annum; the clause you refer to will also be inserted to give the Town the privilege of spending the proceeds for either a new system or for purchasing the lighting plant here.

The enabling by-law is also being prepared and both by-laws will be published the first time on



September first and further publications on the eighth, fifteenth and twenty-second, this will give publication for three full weeks, the voting will be held on the 25th September according to the present arrangement, and the public meeting you suggested on the 20th September will be arranged for if it will be convenient for you, but if not please let us know as a meeting without some one from the Hydro Electric would be worse than folly as no one here knows very much about the arrangements, at least not enough to satisfy the public, and we expect considerable opposition from the shareholders to let the plum drop so easy, they are at it already; even promising that the T.H.&B. Railway will bring the Cataract over the above line much cheaper than you can." Then there is a letter from Mr. Gaby to Mr. Holmes dated August 29th, 1916: "We are in receipt of your letter of August 24th and note that your Money By-law and Hydro enabling by-law are to be voted upon on the 25th of September, and that a public meeting is to be held on September 20th. We beg to advise you that a representative will arrange to be present for this meeting.

In connection with the enabling by-law kindly be advised that this By-law must be read three times and become a by-law in the Council before being voted upon. The money by-law will be handled exactly as any ordinary money by-law which you issue from time to time to take care of the municipal expenditures.

It will not be necessary to publish the





contract and estimates of this Commission in connection with the supply of power to your Municipality."

MR. JEFFREY: The rates given were for 200 h.p. 4,400 volts, \$35.14 per h.p.,; 300 h.p. \$27.77; 400 h.p. \$24.11; 500 h.p. \$21.90. These were figures given both at the Council and also at the public meeting.

MR. MARSHALL: I never heard that first figure of \$35.14.

MR. J. J. JEFFREY: It was fully explained. These were estimated figures and would be adjusted annually to cost and were not to be considered definite figures.

THE CHAIRMAN: The Statute says you shall give an estimate of the maximum cost.

MR. J. J. JEFFREY: It is impossible to do that.

THE CHAIRMAN: In this letter to the Council dated August 29th signed by Mr. Gaby it says "it will not be necessary to publish the contract and estimates of this Commission in connection with the supply of power to your municipality"? A. We are advised not, we are advised by counsel it is not necessary.  
Q. Was that Mr. Hellmuth's opinion? A. Yes, that is a legal matter and I was merely following the instructions. That is the instructions we gave to all municipalities.

COMMISSIONER HANEY: In other words it was considered undesirable to public the figures? A. Not undesirable.

COMMISSIONER HANEY: As Mr. Hellmuth's opinion said it would bind you to that price.

MR. R. T. JEFFREY: I would not say undesirable, I would say impossible.





TO THE CHAIRMAN:

Q. It would be impossible to publish it? A. It would be impossible to follow the terms and conditions of the Act if these prices were put in and we were nailed down to these prices.

Q. Don't you think it is a good thing to nail people down when you are making a contract? A. Absolutely.

Q. Why won't you be nailed down as well as other people?

A. We are merely acting as Trustees.

Q. If a trustee makes a contract he is nailed down the same as any other person? A. No, it is their contract and we are merely acting as Trustees to give them power.

Q. You make a great many contracts in which you are bound? A. We make them under conditions as fixed in the Act. If we had to make contracts like that we would make them high enough so that they would be all right.

Q. Don't you think that would be a good thing to do, so that the municipalities would be sure? A. If we did it would be impossible for the scheme to exist, it could not be done.

Q. Why? A. Because we could not reduce rates.

Q. You could make them as much lower as you liked and you could say the maximum would be so much, that is what the Act says, you are to give the maximum rate?

A. It does not say so, if we put it right in the contract we would have to charge that rate.

Q. Don't you think it would be a good thing to put in the maximum rate so that municipalities might know the limit to which you could go in raising the rates when



they enter into a contract with you. If they give you the right to raise the rates as high as you like you might run it up two or three times and the rate they would have to pay would be altogether different from what they had in their minds? A. If conditions vary the rate must be changed. We have had several municipalities start with 100 h.p. and they have a flour mill taking 75 h.p. and supposing in the meantime that flour mill burns down and is not rebuilt.

Q. Your contract would protect in that case because the rate would be fixed on the basis of them taking so much power and if they took less there would be liberty to raise the rate? A. You could not change the rate if you had it fixed in the contract.

Q. You would make a contract to furnish them power at a certain rate, if they took so much power; you would not be bound to continue selling them if they did not take the power? A. That would be all right if you only had one municipality on each system but the change in conditions in each municipality affects the rate in all the other municipalities.

Q. Why? I thought you said if one municipality took less it would have to pay more for power, but the other municipalities would not have to pay any more for their power? A. No, a change in the rate in any one municipality changes the rate in every other municipality.

Q. Surely you don't change it for other municipalities as well? A. We have our generating cost and if a less amount of horsepower is taken it affects the rate to all the





municipalities on that system. If a number of municipalities take power over one particular line and the load to one municipality drops the other municipalities have to take an increased share in the capital cost of that line.

Q. In some cases large increases have been made in municipalities and the statement has been made that they had to pay more because they did not take as much power as they contracted to take? A. Yes.

Q. You cannot charge up that against the municipality itself and against other municipalities at the same time?

A. You can but not the same loss but the lowering of the load on any system affects every other municipality on the system and while each municipality has to carry all of the fixed charges on a particular transmission line over which it is supplied, where municipalities are connected on that line that particular item of the increased cost on the decrease in the load on the generating plant increases the cost of power to the other municipalities. Where lines are jointly used it increases the cost because their share is bigger on account of the lowered horsepower.

Q. If a municipality contracts for so much and has to pay an increased price I do not understand why you should charge up other municipalities with the loss as well?

A. We do not on that particular line but if any line or generating plant is used jointly by several municipalities and either municipality on that line takes a decreased load it throws the burden on the other municipalities.

Q. How do you charge up other municipalities with the loss, supposing one municipality agrees to take 75 h.p.,



take the Village of Tara where you agreed to supply them with a certain quantity but they didn't take that amount and you jumped the price to about \$90? A. Yes.

Q. And they are paying \$90, is not that sufficient to satisfy the loss which you have sustained; why should you charge up other municipalities with the loss? A. The whole loss is not charged up to that particular municipality.

Q. What proportion do you charge against it and what against other municipalities? A. It is split in proportion to the horsepower used over the line by Tara and the other municipalities.

Q. How much of the loss do you charge the municipality itself, two-thirds or three-quarters? A. It is not split in that way. All the charges at the end of the year are allocated in proportion to the average horsepower taken by each municipality throughout the year for each particular part of the apparatus or line which they use. The generating plant is split up in proportion to the horsepower used by all these municipalities; then the lines that are used jointly by a number of them are split up in proportion to the horsepower used, then there will be other sections split in proportion to the horsepower used by the other municipalities on that same system; it is all split in proportion to the use made and if the horsepower taken drops in certain municipalities and they do not make the same use of the horsepower, the other municipalities have got to pay a bigger share of these charges.

Q. You cannot say approximately what share is paid by the defaulting municipality and what share is paid by all





the others? A. No, it may vary all over the lot, depending on the variations of the loads of the municipalities and the use of the load and the amount of line and stations used jointly by these municipalities.

Q. So you think it undesirable to publish the rates?

A. It is impossible.

Q. No, I do not think so? A. Under the Act it is, you will have to change the Act.

Q. The Act expressly says it must be published and it is not impossible to publish it, it might get you into a situation you don't want to be placed in? A. According to the legal opinion which we have that particular section of the Act is contradictory.

Q. I don't think the Act is contradictory, it says the provisional contract shall be published with and form part of the by-law; in this case the rates were not published with the by-law and did not form part of the by-law; no lawyer can persuade me that is not legal?

A. I am not a lawyer and I am merely giving you my opinion.

Q. Considering you are not a lawyer would not you consider the Act plain when it says it must be published with and form part of the by-law? A. Yes, it is plain but I say it is unworkable.

TO COMMISSIONER R.A.ROSS:

Q. Supposing you put in an estimate and it is exceeded and it is put in the contract at a fixed figure; what pocket would you take the money out of in order to pay for that deficit on that particular contract?

A. We have no pocket to take it out of.



Q. It would have to be distributed over the others?

A. I suppose it would, yes.

TO COMMISSIONER HANEY:

Q. You would take it out of the pocket of the other municipalities? A. Yes.

TO THE CHAIRMAN:

Q. You said if you put it in you would have to put it so high there would be no possibility of losing? A. Yes.

Q. Why should not you do that; why didn't you let these people know the worst that could happen to them at the start? A. We did.

Q. It is much better to do that than to make the rate too low and then tell the municipalities "We cannot deliver power at that rate"? A. It was <sup>merely</sup> <sup>ing</sup> supply power under a partnership agreement as trustees and we supply that power under the terms and conditions of the Act.

Q. Looking at it from the standpoint of the people and of the municipalities, they are the ones who should be consulted, they might have a contract with a local plant to get their horsepower at such a price and they know just what they are getting it at because they make a contract with that local company to supply them with it for a certain length of time at a certain price. Then you go in and say you can supply power at a less price than that and then they decide they will buy out the local plant and take power from you and then after they have made the contract you may put your rate much higher than what they were paying to the private company, ~~that~~ they purchased, on the understanding that they were going to get power much





cheaper from you. We have had a good many municipalities come before us and complain on that account. It puts you in a wrong position. When a man goes to a public meeting as Mr. Jeffrey did and tells the people they will get power at a certain rate they expect that price to be adhered to and then when it goes up, as it has in many cases, to two or three times that price, the people get dissatisfied. Would not it be advisable for you to put yourself in the position so that this cause of dissatisfaction could not be so constantly coming up?

A. If possible, yes.

Q. Every means should be adopted so that there would not be these misunderstandings between you and the municipalities. You may be perfectly justified in raising the price but the affect on the people who make the contract with you is not desirable? A. You understand, of course, that this does not happen very often.

Q. We have a great many pomplaints of it? A. Not so very many.

Q. We are just trying to find out in how many cases it has happened? A. I am sure it has not happened in very many.

Q. Perhaps the people where it has happened have come before us; a great many came from the Eugenia System and showed the original estimates and what they are paying now, there are others perhaps that are lower than the estimates who have not come before us and have not told us about that, they are leaving that for you to do and we hope you will? A. I have not noticed very many of the municipalities who have got prices lower than the estimates



called here to give evidence before you.

Q. If you can find them and give us a list it would be sufficient but that has not been furnished to us. If you can furnish a list of the municipalities where your original estimates are higher than what you are selling power for now there is nothing we would like to have better than that and if you can make out such a list for us we would be very much obliged to you? A. There is nothing we would like better than that.

Q. Then we are both at one mind on that matter and we will be both satisfied if you will let us have that list?

A. We will let you have it within a couple of days.

TO COMMISSIONER J.A. ROSS:

Q. Does not the whole thing arise out of a misconception of your estimates in the minds of the municipalities? Under the Act you are supposed to supply power at cost and get out an estimate. The definition of that word "estimate" to my mind is not at all what it is taken for. If I made a sale to a customer my price would be fixed but in your case it is more or less of an intangible price in your mind, while in the mind of the municipalities with whom you are negotiating it is a pretty tangible factor and the municipality looks upon it as the cost of the power to them and yet under the Act you have power to raise that estimate or lower it and whatever <sup>the</sup> price may be, it must be power at cost? A. Yes, that is it.

Q. As Mr. Ross has said you have only one pocket to take it out of and that is all of the municipalities combined? A. Yes.





Q. Is not it a weakness in the law and a misconception on the part of the municipalities of what the word "estimate" means? It is not an actual quotation of the price they are going to have to pay, it is simply a working figure and there may be an up or a down to it, is not that the situation? A. Yes, exactly.

COMMISSIONER R.A.ROSS: You have a slogan which you call "Power At Cost". It is an attempt which you are making to provide an equitable supply of power at a reasonable price to everybody on an equitable basis. That is contemplated in the Act and it is the only way you can work it out. The municipalities under that arrangement are partners and they have got to act together and you are appointed their agent to do the best you can for them, in the same way that a manager would supply to his principals an estimate of the cost of certain work, a building or a certain piece of machinery or anything else. Now that is his opinion and it may be fulfilled or not but the partners, whoever they are, have got to share the responsibility between themselves and it is your duty, it seems to me, to divide the cost equitably. That is all the standing you have got. You have no real contract, as a matter of fact, with the community. It is not a contract that provides for a fixed price; it is a contract that says "We are managers and we estimate that under certain conditions your cost will be so much next year". You know and they should know that whatever the cost is they have got to pay it.

THE CHAIRMAN: Mr. Casselman told us the other day that in his district someone gave him an estimate of



what it would cost him for power and he went to a great deal of expense to instal appliances and fixtures in his house and in his barn, then after his fixtures and appliances had been put in the price was very substantially increased. v Mr.Casselman said that if he had known before hand what the price would have been he would not have gone to the expense of installing the fixtures and appliances. I quite agree with what Mr.R.A.Ross says that you have to sell power at cost but the Hydro people are experts and you are continually putting in these plants and lines and if anyone should know what the power would cost you should know and although unexpected events may arise and contingencies which you did not anticipate, yet you should be able to tell pretty closely when you go to a municipality and get them to change their whole system on the strength of your estimates, you should be able to tell them fairly closely what the cost would be. The Statute does not say you shall tell them what the cost would be, but it says you must furnish them with a statement of the maximum price. You have got to take into account what may happen and then you can say to them "We can assure you the maximum price won't be exceeded" and then they would not be disappointed and you would find that your relations would be much more satisfactory if you gave that maximum price at first and told the municipalities what the outside price would be.

MR.R.T.JEFFREY: If we were compelled to give as you say the maximum price -

THE CHAIRMAN: The Statute says so "The Commission shall furnish the Corporation a statement of the maximum





price at which it will be supplied".

MR.R.T.JEFFREY: If we had to furnish the maximum price and stick right with that particular section of the Act, the scheme would never go ahead because in many cases we would have to put the price so high that they would never take it. We have to give them a price.

COMMISSIONER R.A.ROSS: Take the present case, 300 h.p. at \$27.77. If you put the maximum price, if they drop to ten horsepower your price would be somewhere in the neighborhood of \$800? A. In connection with the maximum price at Dunnville, they started out with a small load and their maximum price might have been \$100, it would be about that; if we went to Dunnville and quoted them a price of \$100 per h.p. and put it in the contract, do you suppose Dunnville would sign the contract?

THE CHAIRMAN: They should know the facts. If I have to sign a contract and bind myself to pay, I want to know the worst at the start.

MR. R.T.JEFFREY: We explain all the conditions to the Town when the rates are quoted.

THE CHAIRMAN: We know what remains in their minds is \$27.77? A. Under certain conditions.

TO COMMISSIONER HANEY:

Q. The conditions were fixed on the amount of power they would take? A. Yes, and the cost of the line.

TO COMMISSIONER HARRIS:

Q. You must have known the cost of the lines before you made any estimate? A. We did, we estimated what we could supply the line for and I can explain to you the details of



the change and why they are now being charged \$41.24 per h.p.

THE CHAIRMAN: Do you know what you are paying now?

MR. MARSHALL: \$50 per h.p. per year.

MR. R. T. JEFFREY: The actual cost is \$41.30.

• THE CHAIRMAN: It is nearly double the quotation.

MR. R. T. JEFFREY: There are explanations in connection with that figure.

THE CHAIRMAN: Is there anything more that you want to say, Mr. Jeffrey?

MR. J. J. JEFFREY: No, I think not, in arriving at the amount of 300 h.p. which we recommended should be put in the contract, that was an estimate. When a municipal engineer goes out he uses his very best judgment as to the amount of horsepower a municipality can take.

Q. Does not the Commission pass on it? A. Yes, we give our very best judgment as to what the normal conditions will be in the course of the next two or three years from the date of the first taking of the power. We do not arrive at the immediate amount.

Q. Can you show how you made up this estimate of \$27.77?

A. Yes, we have that all here.

MR. R. T. JEFFREY: There is a detailed statement showing how the present price is arrived at. We can give you details of that.

Q. Why don't you show that to Mr. Marshall?

MR. R. T. JEFFREY: Has Mr. Marshall ever read the annual report of the Commission?

MR. MARSHALL: What does that show?

MR. JEFFREY: Read it and you will get all the details. If you look at page 98 for 1921 you will find





it gives you the interim rate during 1920 and 1921; share of capital cost of system on which interest and fixed charges are payable; average horse power supplied in year after correction for power factor; cost of power to Commission; operating, maintenance and Administrative expenses; interest; renewals; contingencies and sinking fund.

MR. MARSHALL: What do we know about that, we want some details of how the charges are arrived at.

MR. R. T. JEFFREY: We can give you all the details. You must understand that if we put all our details into the annual report it would be an exceedingly large report.

THE CHAIRMAN: If a municipality writes you for details you can furnish them.

MR. R. T. JEFFREY: I would like to ask Mr. Marshall if at any time he has ever come into our office and not been treated courteously and given all the information he asked for?

MR. MARSHALL: You have treated us courteously in every way.

MR. JEFFREY: Didn't we always give you what you asked for?

MR. MARSHALL: It was in a lump sum and we thought the cost of the line from Welland to Dunnville was exorbitant, that is, the amount given in the Clarkson Report for 1916.

MR. R. T. JEFFREY: I can put in a copy of the estimate.

THE CHAIRMAN: Have you anything showing in what

1. The first part of the paper is devoted to a general

discussion of the problem and the methods used.

The second part is devoted to the

description of the experimental results.

The third part

is devoted to the

conclusions.

The fourth part

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The eleventh part

is devoted to the

items the increase took place? A. Yes, I have explanations of that.

TO COMMISSIONER HARRIS:

Q. In making up the estimated price of \$27.77 you must have then had an estimate of the cost of the line?

A. Yes, we had.

Q. How does that work out with the actual cost?

A. I was just going to go into these details and show how the difference was made up.

Q. Your original estimate was \$33,000, what was the actual cost? A. The original total estimated cost of the line from Welland to Dunnville was \$33,048.

Q. Was that all chargeable to Dunnville? A. Yes, all of that, in addition to that there was a switch constructed at Welland, \$500, chargeable to Dunnville, meter at Dunnville \$800, making a total in that capital charge against Dunnville of \$34,348, that is in the line itself; the line itself was \$33,048; now, the actual cost of that line was \$65,340.21.

COMMISSIONER HARRIS: That was not very close to your estimate? A. No, and I want to explain what caused the difference and made the line cost \$65,340.21. That was split up into three general items: Material, Labor and Board, and Interest and General Expenses, engineering, etc. Material was \$35,576.92; Labor and Board \$23,073.71; Interest, General Expenses and Engineering \$6,689.58. These figures made up the difference to a cent or two. The original line was estimated on the basis of a pin type line to carry 46,000 volts. That was on the basis of 1915 conditions. We made this estimate in April 27th, 1916, on the basis of the actual cost of





labor and material in 1915. That was on the best information we had at that time. That was on the cost of the construction a year previous to the date the estimate was made and the line was to be a pin type line.

Q. What does that mean? A. That is a pin standing up above the cross-arm and not hanging down. The other type is a suspension type and the actual type of the line was the suspension type, it is still a wire line.

Q. What about the supports? A. A wood pole line, Western Cedar poles with suspension insulators and a steel wire line which is good for about 2,000 h.p. We built it of steel as we figured at that voltage steel wire would take all the load they would have for some little time and it was cheaper at that time than copper or aluminium.

TO COMMISSIONER HANEY:

Q. What is the length of the line? A. 21.6 miles.

After the estimate was made the war came on and the loads began to grow on our Niagara System so fast that we had to buy the Ontario Power Company. Then in 1915 we had made a contract with the Canadian Niagara Power Company and later, before the line was constructed, we made a contract to buy power from the Toronto Niagara Power Company, about 30,000 h.p. We were running these generating plants, that is the Ontario Power Company and the Canadian Niagara Power Company and the Toronto Power Company in sections; that is, we did not take them all in as one big generating plant. We considered at that time that it was too much capacity to tie in as one unit on account of trouble



on the line. We would have had 250,000 h.p. feeding into a short circuit which was liable to burst any oil switch which we had at that time.

Q. You knew of this when you made your original estimate ?

A. We did not, the loads were growing very fast on account of war power and that necessitated tying in all of these lines to operate as one unit, putting a very large generating capacity back of the lines at Niagara Falls. The engineers decided before this line was built that it would be unsafe to tie in a pin type line at that voltage on to the other lines running out of Niagara Falls; so close to the generating plant. The loads in Welland were not big prior to the fall of 1916 but they more than doubled between these two periods.

Q. I am speaking of the fall of 1916, the big loads were all on then? A. Not all of them, there was quite an increase.

It was not so much a matter of loads increasing on the Welland line as the loads on the whole system increasing and making it necessary that no interruption should be made to that power on account of it being war power and owing to the danger of a short circuit so close to the generating plant we had to use a higher factor of safety on that line. For that reason it was decided to change over from a pin type line to a suspension insulator line as the engineers thought that would give a higher factor of safety and would lessen the liability to short circuit and the danger of serious damage to the plant. We figured at that time that the change in the line from the pin type to the suspension type would cost approximately \$17,000 and that of course would increase





the cost of the power to Dunnville, and I suppose we should have gone to Dunnville and resubmitted the matter and told them that we had to change the type of line and that would increase the cost of power to them.

Q. Would not it have been better to have done that?

A. Perhaps it would and perhaps it would not.

TO COMMISSIONER HARRIS:

Q. Did you ever do that with any municipality? A. Yes, I can quote one instance, Alvinston; we went back and told them that the change in the conditions would increase the cost and asked them if they wanted us to go ahead and re-submit figures and we gave them higher figures.

Q. What did they do? A. They went ahead, the cost was raised about \$10 a h.p. but they went ahead and accepted the changed conditions.

Q. Would not that have been the proper thing to have done with Dunnville? A. I suppose it would; I want to explain the \$17,000 added to the cost of the line and the increase in the cost of power.

Q. You added \$32,000? A. We figured out estimate of the loads available in Dunnville was very conservative and we expected to get 300 h.p. and we would have got more than 300 h.p. if we had had more boosters in Dunnville. I can say that with Mr. Marshall here.

Q. What do you mean by "Boosters"? A. More people boosting the system instead of knocking it.

Q. You have had an increase there? A. I am not saying we had not an increase but I am saying that we did not have very many boosters and it is the lack of boosters;



in three years the increase in the number of consumers in Dunnville is only about 49, which is rather remarkable. We figured on an increase in the load.

TO COMMISSIONER HANEY:

Q. The increase in the load is not proportionate to the increase in the price? A. No, and we figured the increase in loads would have stood the increase in the cost of the line.

Q. When you ~~have~~ not boosters in the town how did you figure you would have an increase in the loads?

A. We did not know at that time we had not boosters.

Q. You found that out afterwards? A. Yes.

TO COMMISSIONER HARRIS:

Q. Is it necessary, to make a success of Hydro, to have boosters? A. Yes; sometimes it will carry on in spite of knockers and in spite of the lack of boosters.

Q. Most people like to boost if they have something to boost for? A. I might say that the little village of Port Dover had added 251 customers in one year and Dunnville has only add<sup>ed</sup> 46 in three years. I merely point to these figures to show you the loads have not increased in Dunnville and they have good power loads in Dunnville which<sup>they</sup> have not yet got but will get.

Q. The horsepower has reached 400? A. It should have been there two years ago.

Q. And the price has doubled? A. I want to explain why that has increased. As you know the war was on and I will explain why we swung from one line to another.

Q. The war had been on more than two years when they voted for Hydro? A. Yes, but prices did not go up at the start





of the war.

Q. But power did? A. No, not in Dunnville.

Q. Your estimates were made according to that statement, in 1915? A. 1916 on 1915 conditions.

Q. Why did you make an estimate in 1916 on 1915 conditions, why didn't you make them on pre-war conditions? A. We tried to make them on as near accurate conditions as we could.

Q. You know pretty well every month how things are going?

A. Conditions had not changed on April 27th, 1916 from what they were in December 1915, there had not been anything to change them at that time and that is the reason we changed from a pin line to a suspension insulator line and I want to show you what the details of that increase were.

TO THE CHAIRMAN:

Q. Your total increase was about \$32,000? A. Yes, the cost of material was \$16,760.91. Change due to the change in the power line is, material \$14,055.21, and change due to changed conditions is \$2,705.70. The difference in the labor and board between actual cost of the line as built and the estimate of April 27th, 1916, is \$14,869.62, which may be split into three parts: one is the increase in the rate of pay to the men working, the other is the increase in the amount of labor necessary on that particular type of line over a pin type line and the other is lack in the efficiency or decrease in the efficiency of the men themselves. The increase in labor and board due to the change in the type of line was \$6,665.54. The increase due to efficiency is \$8,604.09.



Q. Were not most of the men just as efficient. We are told the decrease in efficiency was in the cost of the cheap labor and in the more efficient labor it did not make much difference? A. This was comparatively cheap labor. I am wrong in one figure, I said the change due to the type of line was \$6,665.50, I should have said \$3,320.00 and the increase that we estimated was due to the lack of efficiency of the men was \$3,345.00.

Q. How do you make that \$3,345 up, what do you take off for lack of efficiency? A. It would run with these class of men, I think, 20%, as I recollect it. The drop of efficiency in line men was not as great as in ordinary labor.

Q. That would make your wages about \$15,000? A. Yes.

TO COMMISSIONER R.A.ROSS:

Q. In what year was this line built? A. The winter of 1917-18 and we had considerable trouble in getting labor. Not only had we to change the type of line but we had to change our switching arrangements in Welland to make the operation more safe for the generating plant.

MR. MARSHALL: That is on account of tying in.

MR. JEFFREY: Yes, I was going to explain some of the items that enter into the increased cost to Dunnville. The increase due to the increased cost of labor and material was approximately \$4 per h.p. The increase in cost of power at Niagara Falls and above the cost at the time the estimate was made in April 27th, 1916, is \$3.25 per h.p. The difference in rate per h.p. on account of running the line from the Junction into Welland Station and <sup>cut</sup>put is \$1.50 per h.p. We had to run





the line in from the point where we had figured on tapping the big lines to Welland to an oil switch and out again. We ran into the station and put an oil switch to control that line instead of tapping on the line on a pole without the oil switch.

TO THE CHAIRMAN:

Q. Why was this change required? A. On account of the conditions on the system making it unsafe to tap on the line.

Q. What is an oil switch? A. It is a braker or device that you may open to cut off a load safely at any time without interrupting the service. It contacts in a big tank of oil that you can close or open at any time with the load on and the arc that is caused when you open these contacts is taken by the oil.

Q. Why didn't you provide for that in the original estimate? A. Because we were trying to build a reasonably cheap line and did not think it necessary with the load Dunnville would have and the Welland Station was not there at the time it was built in this interim period. We did not have a station in which we could put an oil switch and we were supplying power to Welland at 12,000 volts over the Ontario Power lines and later we changed over and supplied that over this 46,000 volt line and built a new station at Welland.

TO COMMISSIONER HARRIS:

Q. I suppose Dunnville had to pay the biggest part of the cost of that? A. They paid only the cost of the oil switch and running the lines into that station,



I might say too that this suspension line of this voltage was the first line of that voltage that had been constructed in this country and the engineering was new and there was more or less experimental work which we had to carry on in connection with that and that increased the cost of the line somewhat. That matter was taken up with the Commission and after considerable discussion and consideration they decided it was unfair to charge all of that increased cost to Dunnville, that the benefit of that engineering and experience we had obtained on that new type of line would be spread over the whole system and \$10,000 of the capital cost of the Dunnville line was charged to contingencies on the whole Niagara System and that will make a rebate on the amount owing by Dunnville of approximately \$2,600 in round figures at the end of 1921 and there will be from then on a considerable reduction.

TO THE CHAIRMAN:

Q. Will they be entitled to credit of that \$2,600 on their power bills? A. Yes, and there is another point which will help Dunnville.

Q. Is there anything you would like to say on the increased cost, Mr. Marshall?

MR. MARSHALL: I have no doubt it is all right but the municipality would like to see the invoices and details of the cost of the line.

MR. JEFFREY: I have the details here.

MR. MARSHALL: The actual invoices and the labor sheets.

MR. JEFFREY: If we have to give details of every line of course it would be quite expensive but we





can get it if we have to, it will cost considerable to dig them up but if Dunnville wants them we will be pleased to give them to them.

THE CHAIRMAN: I think it would be better to set them at rest? A. If the Dunnville Commission will ask us for these figures and if they will agree to pay the auditors for taking them out we will give it to them.

Q. What would it cost, can they be got out in a day?

MR. PIERDON: I think they can be got out in a day.

MR. JEFFREY: These vouchers are available at any time to any municipality and they can see them in our office.

THE CHAIRMAN: Mr. Pierdon says they can be dug up in a day; are you one of the Commissioners, Mr. Marshall?

MR. MARSHALL: Yes, and I would like to see the details and I would like the municipality to see them. For instance, we went over that line and we may be a little out but we got the prices of labor and material in 1917 and the Commission went over that line from Welland to Dunnville and we have details of everything in it and what it would cost at that time.

Q. Is there very much difference in your figures and theirs?

A. Yes, it is a little higher than Mr. Jeffrey's \$33,000.

MR. JEFFREY: If the Dunnville Commission will send us a letter or a resolution asking for these details we will give them to them.

THE CHAIRMAN: Is that satisfactory?

MR. MARSHALL: Yes.

MR. JEFFREY: Mr. Pierdon cannot get all these vouchers in one day.



MR. PIERDON: No, to get all the vouchers it would take two or three days.

THE CHAIRMAN: If the town is dissatisfied I think it is always better to give them full light and I have no doubt Mr. Pierdon will do that.

MR. PIERDON: Yes, I will be very glad to give them anything they want.

THE CHAIRMAN: If you will pass a resolution of your Commission asking for these details they will give them to you.

MR. MARSHALL: We will have to get permission from the Council to do that, I suppose somebody has to pay for it.

MR. ALLAN: I think the Town of Dunnville would have confidence in Mr. Marshall and it would save taking a lot of invoices out if he would go down with Mr. Pierdon some day and look at them.

MR. MARSHALL: I would be glad to do so, I suppose they have the details separate by themselves so that we can see them at a moment's notice.

MR. PIERDON: No, it is quite a job to get out the invoices because we would have to look over all the vouchers but I would be very glad to have Mr. Marshall come in and look them over and we will be glad to show him how we make up the cost of power each year by annual adjustment and we will be glad to help him in every way. We have the figures and we would be very glad to show them to you.

THE CHAIRMAN: I do not think it is necessary





to go into that question any more. If Mr. Marshall will go to the office he will be able to see what he wants.

MR. JEFFREY: I want to make sure that we have answered all the questions you have asked.

MR. MARSHALL: We have written to you three times about that detailed statement. The first time we went down in 1920 when they raised the power to \$35 and we have letters from the Commission; here is the first one.

THE CHAIRMAN: What is the date of that letter?

A. July 28th, 1902. We got notice that the power would be raised to \$35 in June and that it would be retroactive to the first of the year and continued afterwards.

Now, "Attention Mr. Wm. Marshall - When you were in this office several weeks ago discussing the cost of power to Dunnville, our Mr. Jeffery promised that a letter would be written giving full explanation of the details entering into the cost of power to Dunnville. In this connection we are having some investigations made and up to date have not been in a position to forward this letter to you. We hope, however, to have a full explanation sent you."

Q. Did you get that? A. No.

MR. R. T. JEFFERY: Mr. Marshall came into the office and that matter was explained in detail, it is a matter that you cannot explain as fully in a letter as you can sitting down and talking it over. He was given all the information, not only on that occasion but on several occasions.



Q. What occasion are you speaking of? A. Our report in June, 1920, Mr. J. J. Jeffery's report showed that he discussed the matter with Mr. Marshall several times. They wrote on the 28th and they were told this statement was being prepared and would be furnished and it was furnished verbally to Mr. Marshall as being the most satisfactory way to make this explanation.

Q. When did this interview at which it was furnished take place?

MR. MARSHALL: I do not remember.

MR. JEFFERY: I had several interviews with Mr. Marshall and everything was explained and also Mr. McCallum and Mr. Gaby and I understand Mr. J. J. Jeffery and I am advised by other members of the Commission that on no occasion has Mr. Marshall gone back and explained these matters to the other members of the Commission, that is what I am told.

THE CHAIRMAN: That is a hard drive at you, Mr. Marshall.

MR. JEFFERY: I will ask if ~~you~~ Mr. Fry and the other Commissioner did not make that statement in our office on Monday?

MR. MARSHALL: Mr. Fry says he has written you a letter asking for these things which he wanted to put in his paper for publication and he says you never answered him.

MR. JEFFERY: That letter was answered and I have it here and I will read it.

MR. MARSHALL: He never got it.





MR. JEFFERY: Mr. Fry got this letter. This is the letter Mr. Marshall says he never got. It is addressed to the Dunnville Public Utilities Commission, attention of Mr. W. A. Fry, Commissioner and dated May 11th, 1922.  
---Letter read.

THE CHAIRMAN: Of course that is on very general terms, there are no particulars in that? A. They have the annual report. We have seen them and give it to them verbally and have done everything that we possibly could do and that human beings could do to give the information to Dunnville and we thought we were giving it to the proper medium when we handed it to Mr. Marshall but we are told he did not hand it on.

MR. MARSHALL: There is some mistake in that.

MR. ALLAN: Mr. Fry made that statement the other afternoon, he is not here today.

THE CHAIRMAN: made the statement that Mr. Marshall did not furnish the information?

MR. ALLAN: We, in Dunnville, had practically no information, that is the average citizen had not, as to how the cost of power was arrived at. I might just say it seems to me that a great deal of the difficulty in Dunnville has been a misunderstanding between the local Commission and the Commission in Toronto. The power rate having been placed at an interim rate of \$500 per h.p. which seemed to us this year very high. I may say I have only been a member of the Commission since the 1st of January and it seemed to us it was due largely to the 13th power bills not having been paid and it seemed to me that the Commission were taking a nice way to extract



that money from us without entering into any lawsuit or anything of that kind. As a matter of fact, their annual report last year showed that a price of \$40 per h.p. was practically sufficient to cover the cost of power delivered to Dunnville. When this adjustment was made on the line it seems to me that in 1921 we would have had a surplus, we would have had a credit at the end of the year instead of a 13th power bill, but as I stated at the beginning of the system the power cost us \$110 per h.p. and we paid \$27.77 for it and the result is that the Commission boosted the price to \$50 per h.p. in order to get that back. I do not believe the real cost of power in Dunnville is as high as we imagine it is. I think if we had got this thing straightened out with the Commission long ago we would never<sup>have</sup>/had \$50 power. The result here is that every person hears of \$50 power and they won't install service, in fact, you find very few people in Dunnville that have a good word to say for Hydro on that account.

TO COMMISSIONER HARRIS:

Q. Have you got natural gas at Dunnville? A. Yes.

Q. That competes with electricity? A. There would be a great many more domestic users if it was not for natural gas.

THE CHAIRMAN: When did you receive this detailed statement?

MR. MARSHALL: I never got it if it was mailed to me.

MR. JEFFERY: That was given to Mr. Marshall verbally with explanations on four or five distinct





occasions, on one occasion by myself and Mr. Gaby talked to Mr. Marshall and our auditor, Mr. McCallum talked to him, Mr. J. J. Jeffery has talked to him and I believe Mr. Rothwell has talked to him.

THE CHAIRMAN: This information was not written but just a conversation? A. Verbally.

Q. If he talks to five of you men on electric power he might not come away with a very clear idea? A. We thought Mr. Marshall was capable of absorbing sufficient of the information to make it clear to him so that he could pass it on to the other members of the Commission.

Q. Would not it have been better to have written a detailed statement of it because if I were Chairman of the Board and had a talk with four or five engineers about the price of power I would very much doubt my ability to give a clear statement of it to my Board on my return if I had not got some memo on it? A. We have Mr. Fry's statement and he is a member of the Hydro Commission there.

MR. MARSHALL: One contention in Dunnville was the cost of the pole line from Welland to Dunnville and that is what I asked particulars about, the information we got as to the cost of the line from Niagara Falls through Welland is vague as far as we are concerned. What do we know about it. They say they charge so much for generating station and so many cents for horsepower from the generating station and so many cents from that to Welland and so much from that to Dunnville. I think Mr. Jeffery said \$21 and we want to know why it is \$21 from



Welland to Dunnville, that is the whole thing we want to know, we want a detailed statement of the cost of the line.

Q. Was that taken up in this conversation?

MR. MARSHALL: I ask Mr. McCallum but I do not remember asking Mr. Jeffery. I think probably the first time we met was in 1920. We never got what we asked for. He said, "What do you want to know for" and I said, kind of half joking and kind of half hot too, "We are thinking of buying and switching it over to Smithville where we can get power for \$13 instead of paying \$35" and I said, "You know the public wants to know why we are paying \$35 in Dunnville and get it at cost when Smithville are getting it for \$13 and they are making money out of it." At that same time the Hamilton Street Railway were getting power for \$11 from the Dominion Transmission Company. I said to Mr. Jeffery, "I will tell you what you do, you give us a detailed statement of how you arrive at the price and the cost of the line from Welland to Dunnville." he may have misunderstood me. I ask him for a detailed statement of the cost so that the people of Dunnville would understand it and I asked Mr. McCallum and others what that line cost and the answer I got the last time was, "What do you want to know for" and I said, "We are going over to Smithville where we can get it for \$13", not seriously.

Q. You wanted to impress them? A. Yes, he said, "You could not buy it" and I said, "Why, do you own it or Beck?" I said, "The people own it" I was mad and that was the conversation and finally it came from somebody,





I got it, that it cost \$67,000. It was marked by Mr. Swartz on the top of the bill and that is all the information we got as to the cost of that line from Welland to Dunnville.

THE CHAIRMAN: I do not see what difficulties there are in the way of giving detailed information.

MR. JEFFERY: Mr. Marshall has a statement of the details that he has asked for to my knowledge he asked for an explanation of why the cost was increased and we thought we had given that; there is no reason at all why these details could not be given. You said Mr. McCallum gave you an answer.

MR. MARSHALL: Mr. McCallum in the Hydro office at Dunnville.

MR. JEFFERY: I have never yet heard Mr. McCallum accused of any act of discourtesy.

MR. MARSHALL: He was not discourteous, I was discourteous that is all, I admit that I was crusty. I had been asking for this information so often it got on my nerves.

THE CHAIRMAN: Now that you are going to get the information we need not take up the matter any farther.

MR. JEFFERY: He says here "We cannot obtain the details of the cost of power to Dunnville" I want to say that I took it up with the members of the Dunnville Commission and they appeared to be satisfied. We are willing to take it up now and we can give each particular item for each section of the line and each station that makes up the cost of \$41.24.



THE CHAIRMAN: I think you should give Mr. Marshall full details so that he will have no feeling that anything is being kept back.

COMMISSIONER J.A.ROSS: You feel that it could be explained.

MR. JEFFERY: Absolutely.

COMMISSIONER J.A.ROSS: Some of these things are rather technical and without disparaging the Dunnville Commission they are not engineers and have not had the same experience that you have had and it may be difficult for them to get a real grasp of what you mean in making up the cost.

MR. JEFFERY: I understand that.

COMMISSIONER J.A.ROSS: There are not many people who would understand these engineering questions.

THE CHAIRMAN: You must except Dunnville, they have some experts there.

MR. JEFFERY: We can give them all the details we have it divided into sections, the Niagara Station line to Niagara Falls, the junction to Welland and the Dunnville Line and the Dunnville meters, and I have it divided up into interest, maintenance and operation, so many cents per horsepower per year.

COMMISSIONER HANEY: That would be a standard letter in replying to any municipality.

MR. JEFFERY: We never give these details unless they are asked for. If we had to take up all that detail Mr. Pierdon would have to get a new office, he could not handle the work with the present staff.



COMMISSIONER HARRIS: The information Mr. Jeffery has been giving is exactly what you want?

MR. JEFFERY: Do they want us to dig up all the vouchers?

MR. MARSHALL: Our figures as to the cost of the line and yours are different. I am not complaining about it myself but the public are complaining.

MR. JEFFERY: We can send to the Dunnville Commission all the particulars if they pass a resolution but it is going to cost some money.

MR. PIERDON: We will have to cover thousands of vouchers from Niagara Falls right through.

THE CHAIRMAN: I should think you would have the vouchers for this particular line by itself.

MR. PIERDON: Yes, but there may be many other vouchers attached to them, there may be hundreds of them. In each payment we will have to take out all the vouchers that relate to the Dunnville line and make a copy of them.

THE CHAIRMAN: It would not cost more than \$12 or \$15?

MR. PIERDON: We have a lot of these little odd jobs now and we are very busy down there trying to clean up.

THE CHAIRMAN: If you had given the information before we would not have our time taken up with this matter.

MR. PIERDON: We will be very glad to give Mr. Marshall all the attention he wants if he will come down.





MR. JEFFERY: We have given so much to Mr. Marshall verbally but it does not seem to have gotten him anywhere. Are we to write to the Dunnville Commission and give them all these vouchers or is Mr. Marshall to come to the office and look at them and be satisfied?

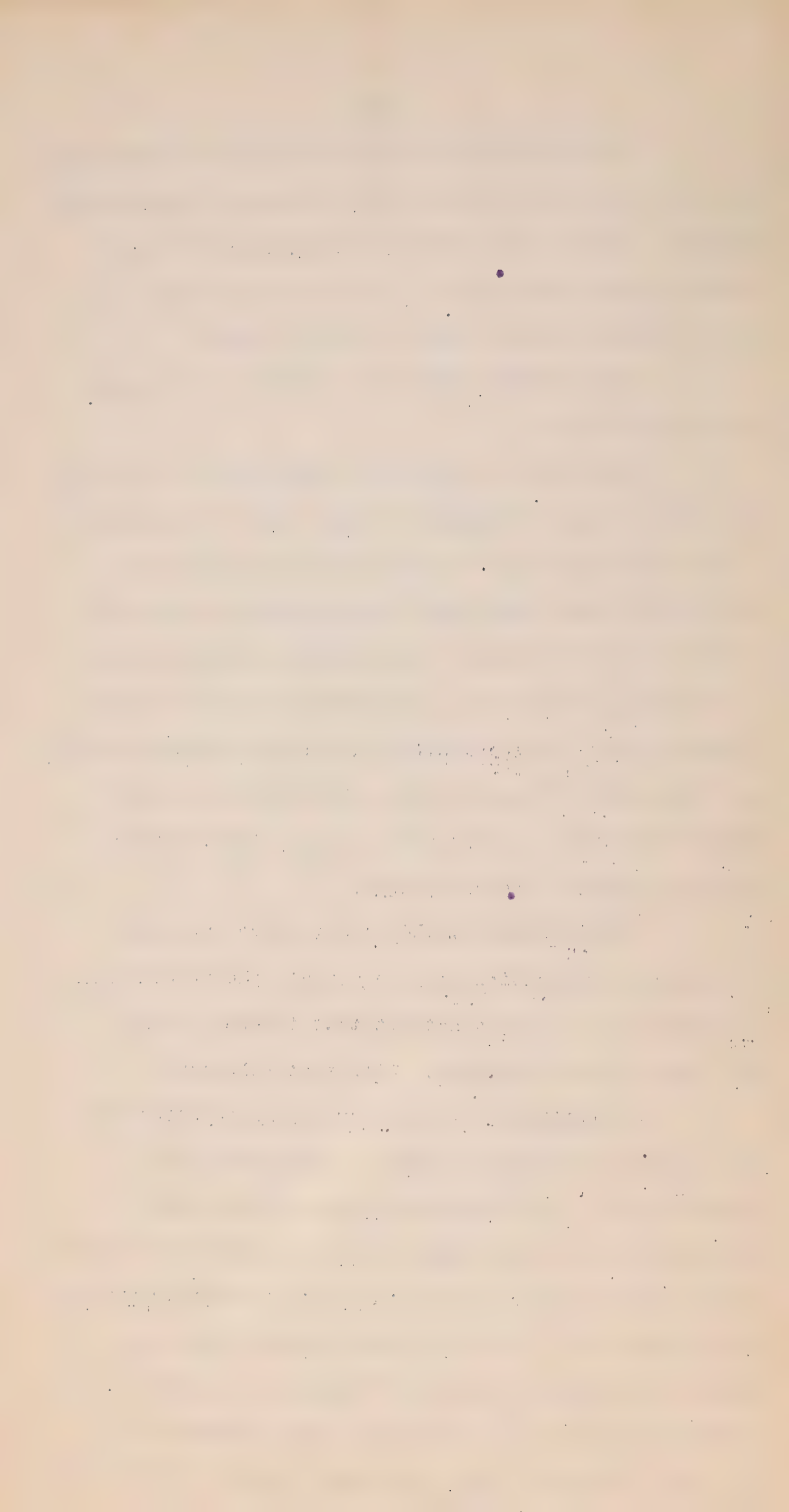
THE CHAIRMAN: That is a matter to be settled between yourselves.

MR. ALLAN: As far as our Commission is concerned we have not very much money to throw away. Personally I think the Commission's books are audited and I have not the slightest doubt they can show every voucher but

I think for Mr. Marshall's own personal viewpoint, he is the man, as far as I am concerned, to look at these vouchers and if he goes through the books and the vouchers and that sort of thing he should be satisfied, and I think if he would go down and look over the vouchers himself that would be sufficient.

COMMISSIONER R.A. ROSS: The Hydro has made a wide-open proposition to give you all the information you want and if he does not get that information he can come back and complain. Will that help you?

MR. CAMELFORD: In further answer to Mr. Jeffery with regard to Mr. Fry, he made the statement, as I understand it, that Mr. Marshall brought back the information. I do not think it is necessary to be experts to take back a report of how the cost of power is arrived at in Dunnville. I do not think it would require an expert to do that, I think any average man could do it. In fact, I think the information could be read out of the blue book and I think in future I will be able to read



out of the blue book and know how our cost is arrived at.

MR. MARSHALL: A man can build a house to cost \$5,000 and another man might build the same house and it might cost \$10,000.

THE CHAIRMAN: You think they paid too much for some of the work?

MR. MARSHALL: Not only myself but the public think so.

THE CHAIRMAN: They may not be any ground at all for them thinking so and if they can show you it would settle the matter.

MR. CAMELFORD: What we are interested in is to cut down the price of power at Dunnville.

THE CHAIRMAN: What prospect can you hold out for the cost of power coming down?

MR. JEFFERY: A good prospect if Dunnville will do what we ask them to.

THE CHAIRMAN: Is it true that \$50 is made up because the 13th power bill has not been paid?

MR. JEFFERY: Yes, at the early part of the contract Dunnville had not a very big load and power was costing over \$100 per horsepower and they were paying at the rate of \$27.77. and the deficits ~~that~~ have accrued have piled up and they are now something like \$7,700 and there is \$2,600 to come off that and possibly another \$900 on account of the little depreciation on the whole system. Every year Dunnville is in good shape financially, they have been using their surplus on the local system to build instead of issuing





debentures, and that is quite right but they had this amount outstanding which they could have paid out of the surplus if they had not used it as they have done. If they issue debentures for an amount sufficient to wipe that out immediately their cost would drop to about \$40.

Q. Then they will have to get boosters and they would take more power? A. That is exactly the point.

TO COMMISSIONER HARRIS:

Q. That is the important part? A. One of the most important part<sup>s</sup>.

MR. ALLAN: Mr. Fry is the editor of the local paper and I believe he is preparing an article this week, he has decided that he won't knock Hydro any more. It is an unfortunate circumstance and largely a matter of misunderstanding. The Commission have said in the past they absolutely would not pay this 13th bill and of course I can see we are going to pay them anyway.

COMMISSIONER HARRIS: I guess you are.

THE CHAIRMAN: You may get your rate down to \$27.00.

MR. JEFFERY: We will easily get down to that, all they have to do is to get a bigger load and the load is there if they get after it. Port Dover got 250 contracts in one year.

MR. MARSHALL: Port Dover is a summer resort and that is a summer rate you get there. Dunnville is not a summer resort, it is an industrial town.

MR. JEFFERY: Only 30 out<sup>of</sup> the 250 in Port Dover are summer customers.



MR. ALLAN: It seems to me the most important thing as far as Dunnville is concerned is the question as to whether or not the extra cost of that line due to the power load, should be added on to Dunnville instead of as a capital expenditure.

THE CHAIRMAN: You think the people who made this load should contribute?

MR. ALLAN: It seems to me that is something that should be inquired into with profit.

THE CHAIRMAN: What do you say to that; should the whole of the cost of the increased load be charged against Dunnville?

MR. JEFFERY: There was \$10,000 of that capital taken out and put into the contingency fund on account of the change in the type of line, of course taking part of the capital out of account of war conditions, we have this increased cost all over and if we did it for one we would have to do it for all and I do not know where we would get at if we changed it.

MR. MARSHALL: In 1918 the Clarkson Report gives for the Dunnville Transformer Station \$546.32 and the wood pole line \$70,088.67, distribution station \$4,943.53, or a total of \$75,578.52. In 1921 in the blue book it gives the same thing, we have an actual account of \$88,527.80.

MR. JEFFERY: I explained that to your Commission on Monday, it is due to running in the line; as the load goes up the share of the capital that any municipality takes increases; that is the increase in the load taken in Dunnville increases the share that Dunnville has to bear of the capital at the generating plant and also the lines



which are used as far as Welland.

Q. It would lower the amount per h.p.? A. The amount from Dunnville to Welland but not from Welland back because they take a bigger share of the big line on account of the increase in h.p.

MR. ALLAN: Would not that lower the amount per h.p. on the other line?

MR. JEFFERY: Yes, but it raises the amount of capital for which Dunnville is liable but it lowers the cost per h.p.

MR. ALLAN: It is a reduction per h.p. and we will get the benefit of that. I believe personally we are beginning to get out of the woods as far as the Town is concerned. There is another thing that your Commission might consider and that is so far as the policy of the Hydro is concerned, whether or not it is proper in every municipality that is somewhat isolated from the power line as Dunnville is, whether the entire cost of that power line should rightly be chargeable to the Town. Of course I understand according to the system as we have it at the present time that is absolutely necessary but if we were to do that same thing with our railroads and pay a railway fare according to that and make each branch pay for itself, it would mean that the rates on some of the railroads would be very high and the rates on other branches would be lower. It seems to me that that is a question that in justice to the small towns might be considered. I would not expect that we would get as cheap power as the large centres but it is worth considering, whether or not it would be wise for the Province to adopt a system whereby a certain amount of that capital would be





chargeable to the whole system.

COMMISSIONER HANEY: You are coming close to an average rate.

MR. ALLAN: Not entirely, but closer than we are now.

THE CHAIRMAN: Is there any likelihood of power being used by other municipalities over your line?

A. If it was not for the gas there would no doubt be rural lines taken from this line and that would reduce our cost.

Q. You will have to get some boosters out in the rural districts? A. We realise that, but it is very difficult when the farmers have natural gas. It is very hard to compete with free natural gas. Their land is rented with natural gas privileges and those who have wells on their farms get free gas as part of the rental and it is pretty hard to compete with that.

TO COMMISSIONER HARRIS:

Q. Did your local system give good service? A. Yes, we have had splendid service.

Q. What did you pay for your power under the old local service? A. I was not in Dunnville at that time. The other newspaper man was in there, The Dunnville Gazette, and he told me his power bill was almost double under the old system to what it is now, that is all the information I have.

MR. MARSHALL: They did not run in the day time, it was a flat rate, so much per lamp. They did not supply any industries with power.



MR. J. J. JEFFERY: Very inadequate service.

MR. MARSHALL: It was all right as far as that went, we ran it a year and a half and we cleaned up \$5,000.

Q. I suppose you are still paying some of the cost of that because you did not get anything like enough out of that old plant to pay you what you paid for it?

MR. JEFFERY: No, that is in as part of the debentures.

THE CHAIRMAN: Is there anything else, Mr. Mayor?

A. That is all I thought of.

Q. You have some friends on the flat rate? A. I do not say we should have entirely the flat rate, my idea is if another \$10,000 was taken off the cost of that line it would be a very small thing.

Q. Where would you put it? A. On you people in Toronto. You would not notice it, it would be a big advantage to us and a very small hindrance to you.

Q. If all these different municipalities put it on it might be noticed? A. It would not be noticed very much.

Q. Being comparatively near the Falls, you are at a disadvantage, because you have to pay the whole cost of the line from Welland? A. That is our whole disadvantage, and by getting more customers is the only way we can decrease our rates. One of the unfortunate things is that the man that put this thing across, and who was Mayor at the time, and was a shareholder of the Monarch Knitting Company, and we were assured of that load, but they are generating their own power. If we had the Monarch Knitting Company we could cut down our power rates





considerably.

COMMISSIONER HARRIS: I suppose the present price would not be satisfactory to them? A. Mr. Orme owned one quarter of the stock at that time, and we were practically assured of that load. They are using natural gas to generate their power.

MR. R. T. JEFFERY: The Woblien Mills at Simcoe threw out natural gas and put in Hydro power. Of course natural gas is falling all the time.

Q. In time the Monarch Knitting Company will come in?

A. I suppose they will. You can understand the difficulty we are working under.

COMMISSIONER HARRIS: If Hydro had presented to you the fact that you would have to pay \$50 per h.p. would you have taken Hydro?

MR. MARSHALL: I do not think so.

MR. J. J. JEFFERY: What position would you have been in if you had not taken Hydro power? Would not you have taken it if you had to pay \$50. or even \$60?

MR. ALLAN: We do not want to pay \$50 or \$60 but we are glad enough that we have got it. It would certainly be a big inconvenience not to have it. Since that time on several occasions the Government have shut off our gas supply. The difficulty was that the line was constructed at a bad time, and it is going to be a drag on us for so long

Q. What length of time have you to pay the debentures?

A. Thirty years.

Q. Is that not a rather long time? A. The debentures are spread over thirty years, and the depreciation is on a twenty year basis.



Q. Have you started a sinking fund yet? A. No, not until 1924.

MR.R.T.JEFFERY: The increase in the load will take care of the depreciation.

COMMISSIONER HARRIS: You have the satisfaction of knowing that in thirty years you will own it.

A. We own it now.

THE CHAIRMAN: Is there anything more we can do for you, Mr. Mayor?

MR.ALLAN: That is satisfactory; the local commission now have an understanding with the Hydro Commission at Toronto that they did not have before.

MR.R.T.JEFFERY: Do I understand that Mr. Marshall is coming to our office and will go over the vouchers himself?

MR.MARSHALL: Yes, I will come to the office.

MR.ALLAN: We would certainly appreciate it if you would recommend that another \$10,000 be written off that line.

THE CHAIRMAN: I don't think we could come to a conclusion on that unless we heard from the man who was going to pay the \$10,000.

MR.ALLAN: There will be no volunteers offering to pay the \$10,000.

---Adjourned at 1 P.M. until 2.15 P.M.









